

Problem 9-15 (60 minutes)

1. Schedule of cash receipts:

Cash sales—May	\$ 60,000
Collections on account receivable:	
April 30 balance	54,000
May sales (50% × \$140,000)	<u>70,000</u>
Total cash receipts	<u>\$184,000</u>

Schedule of cash payments for purchases:

April 30 accounts payable balance	\$ 63,000
May purchases (40% × \$120,000)	<u>48,000</u>
Total cash payments	<u>\$111,000</u>

Minden Company
Cash Budget
For the Month of May

Cash balance, beginning	\$ 9,000
Add receipts from customers (above)	<u>184,000</u>
Total cash available	<u>193,000</u>
Less disbursements:	
Purchase of inventory (above)	111,000
Operating expenses	72,000
Purchases of equipment	<u>6,500</u>
Total cash disbursements	<u>189,500</u>
Excess of receipts over disbursements	<u>3,500</u>
Financing:	
Borrowing—note	20,000
Repayments—note	(14,500)
Interest	<u>(100)</u>
Total financing	<u>5,400</u>
Cash balance, ending	<u>\$ 8,900</u>

Problem 9-15 (continued)

2.

Minden Company
Budgeted Income Statement
For the Month of May

Sales		\$200,000
Cost of goods sold:		
Beginning inventory	\$ 30,000	
Add purchases	<u>120,000</u>	
Goods available for sale	150,000	
Ending inventory	<u>40,000</u>	
Cost of goods sold		<u>110,000</u>
Gross margin		90,000
Operating expenses (\$72,000 + \$2,000)		<u>74,000</u>
Net operating income		16,000
Interest expense		<u>100</u>
Net income		<u>\$ 15,900</u>

3.

Minden Company
Budgeted Balance Sheet
May 31

<i>Assets</i>	
Cash	\$ 8,900
Accounts receivable (50% × \$140,000)	70,000
Inventory	40,000
Buildings and equipment, net of depreciation (\$207,000 + \$6,500 – \$2,000)	<u>211,500</u>
Total assets	<u>\$330,400</u>
<i>Liabilities and Equity</i>	
Accounts payable (60% × 120,000)	\$ 72,000
Note payable	20,000
Capital stock	180,000
Retained earnings (\$42,500 + \$15,900)	<u>58,400</u>
Total liabilities and equity	<u>\$330,400</u>